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UNITED STATES DISTRICT COURT
DISTRICT OF OREGON
(Portland Division)

ADI ACQUISITION CO., LLC,

Plaintiff,

v.

THEODORE L. VALLAS,

Defendant.

Civil No. 18-1871

**COMPLAINT (BREACH OF
GUARANTY)**

Plaintiff ADI Acquisition Co., LLC ("Plaintiff"), for its Complaint against Defendant Theodore L. Vallas ("Defendant"), alleges as follows:

INTRODUCTION

1. This is an action to enforce an unconditional personal guaranty.

PARTIES

2. Plaintiff is an Oregon limited liability company with its principal place of business in Multnomah County.

3. Defendant is an individual residing in California.

JURISDICTION AND VENUE

4. For jurisdictional purposes, Plaintiff is a citizen of Oregon and Defendant is a citizen of California and the amount in controversy is in excess of \$75,000, exclusive of interest and costs. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332.

5. This Court also has jurisdiction over this action because the parties have so agreed.

6. Venue is appropriate in this District pursuant to 28 U.S.C. § 1391 because a substantial portion of the events or omissions giving rise to the claim occurred here.

7. Venue also lies in this Court because the parties have agreed to adjudicate their disputes in this Court.

UNDERLYING FACTS

8. Pursuant to a Promissory Note dated March 20, 2018 (the "Note"), Carlsbad-Palomar Airlines, Inc. ("Maker") agreed to pay to Plaintiff the sum of \$2,032,398.48, due and payable on or before April 15, 2018. To the extent the Note was not timely repaid, it began to bear interest at the rate of 12% per annum from the date due until paid, with interest compounding monthly. A true and correct copy of the Note is attached hereto as **Exhibit 1**.

9. Defendant executed a Personal Guaranty dated March 20, 2018 (the "Guaranty"), in favor of Plaintiff, in which he fully, unconditionally, and irrevocably guaranteed full payment and performance of any and all indebtedness and obligations of Maker to Plaintiff under or in connection with the Note. A true and correct copy of the Guaranty is attached hereto as **Exhibit 2**.

10. Under the Guaranty, Defendant promised to pay the principal amount of the Note, any interest due thereon, and all attorney fees and costs incurred in enforcing the Guaranty.

11. Under the Guaranty, Defendant's obligation to Plaintiff is primary and unconditional and Plaintiff has no obligation to proceed first against Maker.

12. Maker has breached the terms of the Note by reason of its failure to pay the balance when due.

13. Although it was not required to do so under the terms of the Note and Guaranty, on or about May 14, 2018, Plaintiff sent a letter to Maker and Defendant demanding repayment of the Note. Neither Maker nor Defendant repaid the Note.

14. On or about June 1, 2018, Maker made an interest payment to Plaintiff in the amount of \$20,323.98. On or about June 15, 2018, Maker made an interest payment to Plaintiff in the amount of \$20,323.98. On or about July 23, 2018, Maker made an interest payment to Plaintiff in the amount of \$20,323.98. To date, Maker has made interest payments totaling \$60,971.94.

15. As of April 16, 2018, Maker and Defendant had defaulted on the Note and Guaranty and owed Plaintiff the principal amount of \$2,032,398.48, plus interest of \$668.19 per day until paid in full, less \$60,971.94 in interest payments made to date.

CAUSE OF ACTION

(Breach of Guaranty)

16. Plaintiff incorporates and realleges the allegations of paragraphs 1-14 above.

17. Plaintiff has performed all conditions, covenants, and obligations required of it under the Guaranty except for those which have been excused, waived, or which Defendant is estopped from asserting. Despite demand, Defendant has failed to honor the Guaranty by paying the amounts due under the Note.

18. Under the terms of the Guaranty, Plaintiff is entitled to recover the entire amount due under the Note from Defendant with no obligation to attempt to collect from Maker, and Defendant is responsible for all legal fees and other costs and expenses incurred in connection with collecting amounts due or enforcing the terms of the Guaranty.

WHEREFORE, Plaintiff prays for judgment as follows:

1. An award of damages in the amount of \$2,032,398.48;
2. An award of interest in the amount of \$668.19 per day from and after April 16, 2018, less \$60,971.94 in interest payments made to date;
3. Its reasonable attorney fees, costs, and expenses incurred in this action and during collection activities caused by the breaches and defaults set forth herein; and
4. Such other and further relief as the Court deems just and equitable.

DATED this 24th day of October, 2018.

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By s/ Ava L. Schoen

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